

Message Text

CONFIDENTIAL

PAGE 01 LUSAKA 01607 011333Z

51

ACTION EB-11

INFO OCT-01 AF-10 EUR-25 ADP-00 COME-00 INT-08 OPIC-12

CIAE-00 INR-10 NSAE-00 RSC-01 L-03 SSO-00 INRE-00

RSR-01 /082 W

----- 118908

O R 011205Z SEP 73

FM AMEMBASSY LUSAKA

TO SECSTATE WASHDC IMMEDIATE 9294

INFO AMCONSUL JOHANNESBURG

AMEMBASSY LONDON

C O N F I D E N T I A L LUSAKA 1607

E.O. 11652: GDS

TAGS: EIND, EMINBD ZA

SUBJ: REVISION OF MINE TAKE-OVER AGREEMENTS

REF: STATE 174180

1. FROM MOMENT KAUNDA ANNOUNCED UNILATERAL REVISION OF 1969 MINE TAKE-OVER AGREEMENTS YESTERDAY THERE SPECULATION ABOUT WHAT OR WHO PROMPTED HIM TO MAKE THIS MOVE.

2. DISSATISFACTION WITH AGREEMENTS HAS BEEN EXPRESSED BY ZAMBIANS PRIVATELY AND IN MEDIA FROM TIME TO TIME OVER PAST THREE AND HALF YEARS DUE BELIEF ZAMBIA HAD MADE POOR BECZAIN. DECISION AUTHORITY OF MINORITY SHAREHOLDERS AND MANAGEMENT COMPANIES RANKLED, PACE OF ZAMBIANIZATION ON MINES WAS CONSIDERED MUCH TOO SLOW, AND, DURING LEAN 1970-72 LEAN YEARS OF LOW COPPER PRICES AND EFFECTS OF MUFULIRA DISASTER, BURDEN OF ZIMCO BOND REDEMPTION, WHICH HAD TO CONTINUE REGARDLESS OF CIRCUMSTANCES, WAS FELT WITH INCREASING KEENNESS.

3. IT NATURALLY POSSIBLE EASTERN EUROPEANS TOOK OPPORTUNITY PREY ON THIS FRAME OF MIND. RECALL COLIN LEGUM REPORT
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 LUSAKA 01607 011333Z

TO PAO JUNE 7 PRESIDENT HAD TOLD LEGUM THAT, DURING

MARK CHONA WORLD TRIP EARLIER THIS YEAR TO SEEK AID, BOTH RUSSIANS AND EAST GERMANS HAD ADVISED TAKE-OVER OF REMAINING 49 PERCENT SHARE IN MINES. (SEE PAO LEWIS-LEGUM ONE 15 MEMCON SENT AF/E.) WE KNOW ROMANIANS HAVE LONG BEEN TRYING SECURE Foothold IN MINING HERE. INTERESTINGLY, TIMES OF ZAMBIA EDITORIAL THIS MORNING PRAISING KAUNDA ACTION AND SUGGESTING IT LONG OVERDUE, COMMENTS GRZ MAY SEEK NEW OUTSIDE HELP AND "THE YUGOSLAV AND ROMANIAN AUTHORITIES HAVE LONG BEEN SAYING THEY ARE AVAILABLE." IN CONTEXT DISCUSSIONS WITH PAO LAST EVENING ROMANIAN FIRST SECRETARY MATESCU WAS AT PARTICULAR PAINS DISPEL THOUGHT ROMANIANS HAD ANYTHING TO DO WITH OR WOULD IN ANY WAY GAIN FROM REVISION MINE AGREEMENTS.

4. HAVE NO INDICATION AT ALL THAT CHILEANS INVOLVED, THOUGH IT CONCEIVABLE--JUST THIS YEAR CHILE ESTABLISHED AN AMBASSADOR HERE, HERNAN SAN MARTIN FERRARI, WHO SAID TO BE CLOSE TO ALLENDE AND WHO HAS SHOWN IN-DEPTH INTEREST IN ZAMBIAN COPPER INDUSTRY.

5. LAST EVENING AMAX'S ACHESON EXPRESSED TO CHARGE' VIEW THAT MOVE ESSENTIALLY OF PRESIDENT'S OWN MAKING; EAST EUROPEANS OR OTHERS POSSIBLY SOUGHT TO INFLUENCE HIM, BUT HIS OWN INCLINATIONS VERY LIKELY THE DECISIVE FACTOR. ACHESON CONSIDERS PRESIDENT'S ECONOMIC ADVISOR LISHOMWA A BAD INFLUENCE, AND UNZA PUBLIC ADMINISTRATION FACULTY MEMBERS EXPRESSED VIEW TO EMBOFF LAST NIGHT THAT HE A FACTOR IN KAUNDA'S ACTION; LISHOMWA LONG CONCERNED ABOUT LEVEL OF FOREIGN EXCHANGE WITHDRAWAL PERMITTED BY MINE AGREEMENTS.

6. IN ANY EVENT, PRESIDENT'S MOVE MUST HAVE BEEN IN PREPARATION FOR SOME TIME. IT POSSIBLE LISHOMWA'S MYSTERIOUS ABSENCE OVER PAST MONTH, AMID REPORTS HE HAD BEEN CASHIERED, MAY BE RELATED TO IT; WE UNDERSTAND HE SPENT SOME TIME IN UK AND POSSIBLY ELSEWHERE. THOUGH PRESIDENT GENERALIZED IN LONG SPEECH AT MULUNGUSHI UNIP GENERAL CONFERENCE AUG 25, NOW SEEMS CLEAR THE REVISION MINE AGREEMENTS WAS PARTICULARLY IN HIS MIND WHEN HE SAID "WE SHALL NEVER HAVE TRUE INDEPENDENCE WHILE MAJOR DECISIONS

CONFIDENTIAL

PAGE 03 LUSAKA 01607 011333Z

AFFECTING OUR NATIONAL DEVELOPMENT ARE STILL BEING TAKEN EIGHT THOUSAND KILOMETERS AWAY BY MEN WHO HAVE LITTLE KNOWLEDGE AND LESS INTEREST IN SUCCESSFUL DEVELOPMENT OF INDEPENDENT AFRICA."

7. EXPATRIATE MINE OFFICIALS AND TECHNICIANS WERE STUNNED BY PRESIDENT'S ANNOUNCEMENT YESTURDAY, BUT FOR MOMENT ATTITUDE APPEARS BE WAIT AND SEE. IN HIS COMMENTS TO PRESS

CONFERENCE AND IN LETTER TO AMAX (LUSAKA 1598), PRESIDENT SEEMED CLEARLY TO BE SAYING HE WISHED THEM TO STAY. SO FAR IT DOES NOT APPEAR PERSONAL STATUS OR CONDITION OF TECHNICIANS DIRECTLY AFFECTED. ACCORDING ACHESON, HUMPHREY MULEMBA, MINISTER OF MINES AND CHAIRMAN OF COMMITTEE SELECTED TO EXECUTE PRESIDENT'S DECISIONS, TO BRIEF

MINING COMPANIES ON MONDAY SEPT. PICTURE MAY BECOME

CLEARER AT THAT TIME.

8. ACHESON SAYS HE UBND COLLEAGUES CONSIDER MULEMBA MOST UNFORTUNATE CHOICE TO LEAD THIS EXERCISE. THEY CONCERNED BECAUSE GRZ NOW HAS NO ONE OF CALIBRE OF ANDREW SARDANIS, WHO WAS TOP SPOKESMAN FOR GRZ IN NEGOTIATION OF 1969 AGREEMENTS. ACHESON BELIEVES KAUNDA HAS BEEN VERY POORLY ADVISED AND HAS GROSSLY MISTAKEN IMPRESSION THAT ALL HE NEEDED TO DO TO SECURE A COMPLETELY FREE HAND WAS TO REDEEM ZIMCO COMPENSATION BONDS. REDEMPTION WILL ELIMINATE MINING COMPANIES' EXEMPTION FROM INCREASES IN TAXES BUT IT WILL NOT FREE GRZ FROM ITS OBLIGATIONS UNDER MANAGEMENT CONTRACTS. ACHESON HOPES AND BELIEVES MINING COMPANIES WILL STAND FAST AND INSIST ON FULL ADHERENCE TO UNDERTAKINGS IN TAKE-OVER AGREEMENTS AND MANAGEMENT CONTRACTS.

9. MINING COMPANIES HAVE CONSISTENTLY CLAIMED THAT ZAMBIA CANNOT DO WITHOUT THEIR SERVICES AND TECHNICIANS AND THAT GRZ KNOWS IT. ONE SUSPECTS MINES COULD CARRY ON REASONABLY WELL WITH FEWER EXPATRIATES THAN PRESENTLY HERE, BUT LARGE EXODUS WOULD UNDOUBTEDLY BE VERY HARMFUL IF COMPANIES CORRECT IN ASSERTION COMPARABLE SPECIAL TALENT AND EXPERTISE REQUIRED BY THESE PARTICULAR MINES NOT PRESENTLY AVAILABLE ELSEWHERE. RELIABLE
CONFIDENTIAL

CONFIDENTIAL

PAGE 04 LUSAKA 01607 011333Z

ANALYSIS THIS QUESTION, HOWEVER, BEYOND THE CAPABILITY OF THIS EMB.

10. RE DEPARTMENT'S FINAL QUESTION, IF, AS ACHESON BELIEVES, KAUNDA HAS BEEN MISLED AND FINDS HIMSELF IN POSITION HE HAD NOT INTENDED, IT WILL CERTAINLY BE DIFFICULT FOR HIM TO EXTRICATE HIMSELF. WAY OUT NATURALLY NOT AT ALL CLEAR AT THIS EARLY STAGE, BUT WOULD THINK HE COULD COUNT ON FULL COOPERATION OF MINING COMPANIES IN PAPERING OVER A RETRENCHMENT. DEPENDS, OF COURSE, ON WHETHER KAUNDA WILL WISH TO MODIFY HIS DECISIONS.
NELSON

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 01 SEP 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: garlanwa
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973LUSAKA01607
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS NELSON
Errors: N/A
Film Number: n/a
From: LUSAKA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730958/aaaabqpv.tel
Line Count: 165
Locator: TEXT ON-LINE
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: STATE 174180
Review Action: RELEASED, APPROVED
Review Authority: garlanwa
Review Comment: n/a
Review Content Flags:
Review Date: 14 JAN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <14-Jan-2002 by boyleja>; APPROVED <04-Feb-2002 by garlanwa>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: REVISION OF MINE TAKE-OVER AGREEMENTS
TAGS: EIND, EMIN, ZA
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005